

OFFICE OF AUDITS & ADVISORY SERVICES



AUDIT OF THE PUBLIC ADMINISTRATOR/PUBLIC GUARDIAN

FINAL AUDIT REPORT

Chief of Audits: [James L. Pelletier, CIA, CICA](#)
Senior Audit Manager: [Tom Philipp, CIA, CCSA](#)
Senior Auditor: [Lindsey Heeszal, CPA, CFE](#)
Auditor II: [Tatiana Foster, CPA](#)
Auditor II: [Jenny Chen](#)

Intentionally Left Blank



County of San Diego

DONALD F. STEUER
CHIEF FINANCIAL OFFICER
(619) 531-5413
FAX (619) 531-5219

AUDITOR AND CONTROLLER
1600 PACIFIC HIGHWAY STE 166, SAN DIEGO, CALIFORNIA 92101-2478

TRACY M. SANDOVAL
ASST. CHIEF FINANCIAL OFFICER/
AUDITOR & CONTROLLER
(619) 531-5413
FAX (619) 531-5219

November 15, 2011

TO: Lori Bays, Public Administrator/Public Guardian
Public Administrator/Public Guardian

FROM: James L. Pelletier
Chief of Audits

FINAL REPORT: AUDIT OF THE PUBLIC ADMINISTRATOR/PUBLIC GUARDIAN

Enclosed is our report on the Public Administrator/Public Guardian. We have reviewed your responses to our recommendations and have attached them to the audit report.

The actions taken and/or planned, in general, are responsive to the recommendations in the report. As required under Board Policy B-44, we respectfully request that you provide quarterly status reports on the implementation progress of the recommendations. The Office of Audits & Advisory Services will contact you or your designee near the end of each quarter to request your response.

Also attached is an example of the quarterly report that is required until all actions have been implemented. To obtain an electronic copy of this template, please contact Lindsey Heeszel at (858) 495-5576.

If you have any questions, please contact me at (858) 495-5661.

for
JAMES L. PELLETIER
Chief of Audits

AUD:LH:aps

Enclosure

c: Nick Macchione, Director, HHSA
Donald F. Steuer, Chief Financial Officer
Tracy M. Sandoval, Assistant Chief Financial Officer/Auditor and Controller
Dean Arabatzis, Chief Operations Officer, HHSA
Michael Van Mouwerik, Executive Finance Director, HHSA

INTRODUCTION

Audit Objective

The Office of Audits & Advisory Services (OAAS) completed an audit of Public Administrator/Public Guardian (PAPG). The objective of the audit was to determine the effectiveness of internal controls and compliance with applicable laws, regulations, and County policy associated with the management of estates for which PAPG is responsible.

Background

Public Administrator (PA) manages estates of individuals who die with no will or without an appropriate person to act as an administrator. PA collects the decedent's assets, makes burial arrangements, pays creditors, and distributes any remaining assets to heirs or beneficiaries, as appropriate. Their objective is to protect the decedent's estate from waste, loss, and theft.

Public Guardian (PG) serves as the legally appointed guardian or conservator for adults who cannot care for themselves and do not have someone who is willing and able to help. PG may be appointed as guardian of the person, guardian of the estate, or both. As guardian of the person, PG arranges housing, health care, personal care, transportation, recreation, and any other needs the client may have. As guardian of the estate, PG collects and manages the client's assets, collects income due to the client, pays the client's expenses, and provides financial accounting to the client, the court, and other related parties. Their objective is to care for and protect the client and their estate.

PAPG has 34 staff members including 16 PAPG Deputy staff, and accounting and county counsel staff that assist with managing client estates. PAPG reported that PA receives approximately 1,200 referrals annually which result in approximately 350 PA cases, while PG serves approximately 160-175 individuals annually. In total, PAPG handles about \$35 Million in assets annually. The Panoramic application (Panoramic) is used for all case management related activities, including paying client expenses.

PAPG is subject to the laws outlined in the California Probate Code.

Audit Scope & Limitations

The scope of the audit focused on evaluating whether key controls are in place and operating effectively to properly manage client estates.

This audit was conducted in accordance with auditing standards prescribed by the Institute of Internal Auditors, Inc., as required by California Government Code, Section 1236.

Methodology

OAAS performed the audit using the following methods:

- Examined policies and procedures related to estate management and mapped key processes to obtain an understanding of the business process;

- Assessed the risks to achieving PAPG's key objectives, independently and in coordination with PAPG management;
- Interviewed key personnel on policies, procedures, and processes relevant to the areas being reviewed; and
- Conducted specific audit procedures (e.g., interviews, document inspections, reconciliations, recalculations, and data analytics) on the following processes:
 - Asset collection and inventory;
 - Fee calculations;
 - Expense payment;
 - Income recording;
 - File closure;
 - Estate, bank, and general ledger reconciliations;
 - New vendor setups;
 - Segregation of duties;
 - Referral investigations; and
 - Real property insurance.

AUDIT RESULTS

Summary

Within the scope of the audit, there is reasonable assurance that PAPG is generally compliant with applicable laws, regulations, and County policy associated with managing client estates. Also, OAAS concluded that PAPG internal controls associated with managing client estates are generally adequate. To further strengthen current controls and improve their effectiveness, OAAS has the following findings and related recommendations.

Finding I:

Improper User Rights in Panoramic

Panoramic has multiple roles with varying user rights. Each role has access to at least one area that should be restricted. The most notable conflicts include:

- The Vault Custodian is assigned the Accounting Administrator role. As the custodian of small valuable items, his role in Panoramic should be restricted;
- The Accounts Payable, Accounts Receivable, Administrator, Case Manager, and Case Manager Supervisor roles have access to insert a new vendor. Only the Accounting Administrator role should have this capability;
- The Accounts Payable, Accounts Receivable, Accounting Administrator, and Administrator roles have access to request a payment. Only the Case Manager and Case Manager Supervisor roles should have this capability;

- There are no controls in place to prevent the same user from requesting and approving the same transaction or from approving the same transaction they created or edited;
- There are two office assistants who are assigned Case Manager roles rather than Clerical roles; and
- There is no view-only role for guests.

PAPG accepted the default access levels for each role and assigned individuals roles with more access rights than necessary.

PAPG employees have access to change fields that are not related to their duties and have the right to request, approve, and create the same transactions and vendors. As a result, PAPG is more susceptible to misconduct and improper transactions. During the audit, we did not note any misconduct or improper transactions.

Each user should only have the access rights necessary to perform their duties. Additionally, users should not be able to request and approve the same transaction or approve a transaction they created or edited.

Recommendation:

To strengthen controls for Panoramic user rights, PAPG should:

1. Work with Panoramic support to customize each role's access levels to allow employees to only have access rights to fields relevant to their duties;
2. Work with Panoramic support to implement automated controls to prevent the same user from both requesting and approving a transaction and from approving a transaction they created or edited; and
3. Develop a policy to evaluate each employee's assigned role and the access levels of each role for potential segregation of duties issues when employee roles are changed or when there is a change or upgrade with Panoramic, whichever occurs first.

Finding II:

Non-System Segregation of Duties Conflict

The individual responsible for accounts payable is also the vendor master file custodian. Currently, the same individual adds vendors, enters invoice information, and prints checks. All PAPG accounting roles had recently been reviewed for potential segregation of duties issues. However, this conflict was missed during that process.

The accounts payable and vendor master file custodian duties should be assigned to separate individuals. Without proper segregation of duties, the integrity of the vendor master file could be compromised and susceptibility to inappropriate vendor payments is increased. During the audit, we did not note any misconduct or improper transactions.

Recommendation: PAPG should segregate the accounts payable and vendor master file custodian roles.

Finding III:

Automated Control Not Operating Effectively

PAPG relies on an automated control in Panoramic that is either not in place or is not operating effectively. This control ensures that inventory information cannot be changed by PAPG Deputies through the inventory screen in Panoramic once an Inventory and Appraisal has been filed with the court.

The cause of the failure of this automated control is uncertain and may be due to a combination of errors within Panoramic and inadequate testing to ensure it was in place and operating effectively. As a result, inventory descriptions, appraised values and net proceeds can be altered on sold items previously disclosed in an Inventory and Appraisal court document by PAPG Deputies.

Automated controls should be tested when they are implemented and when any changes to the system are made.

Recommendation: PAPG should work with Panoramic support to ensure this automated control is in place and operating effectively.

Finding IV:

Documentation Not Retained

During our review, OAAS noted that field receipt, disbursement approval, and invoice documents were not retained, including:

- Of 36 field receipts tested, 13 were missing either the client file copy or vault copy. PAPG Deputies use these field receipts to document any items collected from the client; and
- Of 135 expenses tested, 4 non-routine and 2 fixed disbursement approval forms and 13 invoices were missing.

According to PAPG, the documentation was either misfiled or lost. As a result, the field receipts are not available to support and document how the inventory was treated; and the approval forms and invoices are not available to support the expense transactions.

All documentation supporting a client's assets, income, or expenses should be maintained on the same record retention schedule as the rest of the client's file.

Recommendation: To strengthen record retention controls, PAPG should:

1. File the vault field receipts in the client file once a file is closed and keep the client file field receipts, expense approval forms, and invoices in the client file at all times; and
2. Reinforce record retention policies through training.

Finding V: PAPG, County Counsel, and Bond Fee Calculations are Not Adequately Reviewed

Fees for PAPG, County Counsel, and bonds are calculated during the court accounting preparation process. Three of five guardian/administrator and county counsel fees and four of five bond fees tested were calculated incorrectly.

The details supporting these calculations are not reviewed as part of the court accounting process. These fees are a set percentage of the client's estate, depending on the year and the fee type. The client's total estate value was calculated incorrectly causing these fees to be wrong. Additionally, the bond fee was not prorated based on the number of months in the court accounting period and the formula, per the Probate Code, was misinterpreted.

As a result, the clients tested were undercharged by approximately \$1,300, which is approximately 1.5% of the total fees. While these fees were not calculated correctly, they were reviewed and approved by the court.

The estate balance calculation should follow Probate Code and PAPG's policy. Additionally, the bond fee should be prorated based on the number of months in the accounting period and should follow the calculation outlined in the Probate Code (§ 2942 and § 7621).

Recommendation: PAPG should review the support for the calculations of the guardian/administrator, county counsel, and bond fees as part of the court accounting review process.

Finding VI: Incomplete Inventory Records in Panoramic

The Panoramic inventory screen and Inventory and Appraisal do not include all estate items listed on the field receipt. Of 36 field receipts tested, 12 contained at least 1 item that was not reported in the inventory screen in Panoramic and/or the Inventory and Appraisal. The missing items included memorabilia items and a total of \$948.15 of cash and coins. The cash and coins were listed in the clients' ledger within Panoramic and, therefore, were included in the clients' estate.

The policy to reconcile field receipts to the inventory screen in Panoramic is not always being followed. All items noted on a field receipt should be entered into the Panoramic inventory screen, and all items of value should be included in the Inventory and Appraisal. Additionally, the inventory screen in Panoramic should be used to support how inventory, such as memorabilia, is managed.

Items collected are entered into Panoramic through the inventory screen. The Inventory and Appraisal, which is submitted to the court, is drafted using the inventory screen. When assets are not disclosed on the Inventory and Appraisal, they are not disclosed to the court and are not considered when calculating the guardian/administrator,

county counsel, and bond fees. When assets are not entered into the Panoramic inventory screen, there is no support for how these items are managed.

Recommendation:

To strengthen client inventory recording controls, PAPG should:

1. Enter all items noted in a field receipt into the inventory screen in Panoramic, regardless of value;
2. Reconcile between the field receipt and the Panoramic inventory screen before the Inventory and Appraisal is completed; and
3. Reinforce this policy through training.

Finding VII:

Interest Income May Not Be Applied

Interest on cash balances is not consistently applied upon collection. Two of four clients tested did not receive interest income on their cash balances until PAPG was appointed as their administrator or guardian. In both instances, prior to appointment, the client's cash balance primarily consisted of money found and collected at the individual's residence, which was not earning interest.

There is a drop-down box in Panoramic where the PAPG Deputy indicates whether interest should be earned or not. If this is marked "No", regardless of the client's status, the client will not earn interest. This is sometimes noticed and corrected during the court accounting preparation. If it is not, the client's estate will be understated.

All clients should earn interest income on their cash balance from the date of collection, regardless of their status.

Recommendation:

To ensure interest is appropriately applied to cash balances, PAPG should:

1. Work with Panoramic support to change this drop-down box feature so that it is always turned on or defaults to "Yes". If this is not possible, then controls should be put in place to ensure that clients always receive interest income based on their average monthly cash balance; and
2. Review all current client estates to determine whether they should receive a credit for interest income not allocated, and make adjustments as necessary.

Finding VIII:

Specific Policies are Unclear or Undefined

PAPG has many detailed policies and procedures, most of which were found to be clear and concise. However, policies in several key areas were either unclear or undefined, including:

- The policy on what assets should be photographed and when is unclear. This creates inconsistencies in the number and types of items photographed for each client;

- There is no written policy regarding what items should be considered memorabilia and how to receipt and inventory these items. There is an inconsistency between what PAPG management and PAPG Deputies consider memorabilia items resulting in small items being given to heirs that management feels should have been part of the estate;
- There is no written policy regarding what timeframe, after collection, uncounted cash and coins should be counted. One bag of uncounted coins was in the vault for six months before being counted, and was not available to the client during that time; and
- There is no written policy regarding what to do with late fees that are within PAPG's control. Five late fees, which averaged approximately \$15 each, were within PAPG's control, but were paid out of the respective client's estate.

PAPG management stated that they were not aware of the inconsistent understanding of these matters and, therefore, did not realize that additional guidance was needed.

Clear policies should be in place to ensure consistent understanding and action regarding these matters, throughout the department.

Recommendation:

To strengthen controls associated with the above policies, PAPG should:

1. Clarify existing policies regarding photographs and develop clear and explicit policies regarding memorabilia items, timeliness of counting cash and coins, and treatment of late fees that are within PAPG's control; and
2. Train employees on all updated and new policies.

Finding IX:

Fixed Disbursement Invoices are Not Reviewed

Fixed, monthly expenses, such as mortgage payments, are approved by a Supervisor when they are initiated or changed only. The mortgage and home-owners association payments for one of four clients tested were continued for three months after the home was sold, and a credit on a skilled nursing facility invoice was carried forward for one year before the fixed payment was adjusted.

The invoices for fixed disbursements are not always reviewed prior to payment. As a result, inaccurate payments or overpayments could be made out of client estates. These payments may not be refunded to the client's estate if they are not detected timely.

All invoices should be reviewed for accuracy prior to disbursement.

Recommendation: To strengthen fixed disbursement controls, PAPG should:

1. Review invoices for accuracy prior to disbursement; and
2. PAPG Management should reinforce this policy through training.

Finding X:

Weak Vendor Setup Controls

A review of vendor setup controls identified multiple weaknesses. The most notable issues include:

- Multiple and identical vendor records can be active at the same time (e.g., 2 active "UCSD Medical Center" vendor records);
- Of 711 active vendors tested, 109 (15.3%) have a PO Box address as the only address listed for the vendor;
- Some key fields contain the wrong type of information (e.g., street address in the city field) and other key fields are left blank, including:
 - Tax ID - 59 active vendors (8.3%);
 - Vendor Type - 15 active vendors (2.1%);
 - Street Address - 5 active vendors (0.7%);
 - City, State, and Zip - 3 active vendors (0.4%); and
 - Phone number - 176 active vendors (24.8%).

Due to the Panoramic user rights issue (see Finding I), individuals other than the vendor master file custodian can set up vendors, making it more difficult to ensure proper vendor setup. Panoramic does not currently restrict duplicate vendors, or require all key fields to be populated.

There should only be one active record for each vendor, each vendor record should contain at least one non-PO Box address, and all key fields should be completed with accurate information.

Allowing two or more identical vendor records to be active simultaneously increases the risk of overpayment and improper payments. Allowing vendors to have a PO Box address as their only address increases the likelihood of related-party vendors and decreases the PAPG's ability to detect potential related-party vendors. Missing key information regarding a vendor could lead to incorrect 1099 filings and an inability to contact the vendor, if necessary.

Recommendation: To strengthen vendor setup controls, PAPG should:

1. Review all vendor records and deactivate duplicates, request business addresses for vendors who currently only have PO Box addresses listed, complete key fields that are blank, and correct key fields that contain the wrong type of data;

2. Work with Panoramic support to create an automated control that requires all key fields to be completed before allowing a vendor to be setup or paid;
3. Implement a policy that requires all vendors to have a business address listed for each active vendor; and
4. Reinforce the vendor setup policy through training.

Finding XI:**Small Items Left in Automobiles**

Small objects are left in vehicles and later found by the warehouse employees when they are readying the vehicle for auction. Unless an item has a high value, it is not cost effective for the warehouse employee to tag and inventory the item and add it to the estate. Therefore, these items are sold as non-estate items.

The policy to clean out all vehicles as soon as they are brought to PAPG is not being followed.

All items should be removed from a client's automobile at the time the automobile is brought to PAPG so that they are sold as part of the estate. Otherwise, these items are sold as non-estate items during the auction and the client does not receive a credit for the sale proceeds.

Recommendation:

PAPG management should reinforce the importance of cleaning out client vehicles at the time they are brought to PAPG through training.

Office of Audits & Advisory Services

Compliance**R**eliability**E**ffectiveness**A**ccountability**T**ransparency**E**fficiency**VALUE**

DEPARTMENT'S RESPONSE



County of San Diego

NICK MACCHIONE, FACHE
DIRECTOR

LORI G. BAYS, M.A., NCG
PUBLIC ADMINISTRATOR
PUBLIC GUARDIAN

HEALTH AND HUMAN SERVICES AGENCY
1600 PACIFIC HIGHWAY, SAN DIEGO, CALIFORNIA 92101-2417

PUBLIC ADMINISTRATOR – PUBLIC GUARDIAN
5201-A RUFFIN ROAD, SAN DIEGO, CA 92123-1699
(858) 694-3500 FAX (858) 694-3987

RECEIVED

NOV 04 2011

OFFICE OF AUDITS &
ADVISORY SERVICES

November 4, 2011

To: James L. Pelletier
Chief of Audits

From: Lori G. Bays, Public Administrator/Public Guardian
Public Administrator/Public Guardian

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: AUDIT OF THE PUBLIC ADMINISTRATOR/PUBLIC GUARDIAN

Finding I: Improper User Rights in Panoramic

OAAS Recommendation: To strengthen controls for Panoramic user rights, PAPG should:

1. Work with Panoramic support to customize each role's access levels to allow employees to only have access rights to fields relevant to their duties;
2. Work with Panoramic support to implement automated controls to prevent the same user from both requesting and approving a transaction and from approving a transaction they created or edited; and
3. Develop a policy to evaluate each employee's assigned role and the access levels of each role for potential segregation of duties issues when employee roles are changed or when there is a change or upgrade with Panoramic, whichever occurs first.

Action Plan:

1. PAPG agrees with the OAAS recommendation. A customized matrix has been created with segregated roles for Accounts Payable, Accounts Receivable, Vault Custodian, Medical Desk, Accounting Administrator, Administrator, Case Manager, Clerical, Legal, & Warehouse. Each role has been assigned access rights to the fields relevant to their specific duties. PAPG met in October with Panoramic support staff to begin the implementation process. This will require

modification to existing roles, changing user levels and potentially creating a new role and assigning users to it. The user roles have complex dependencies throughout the system. Modification to these roles will require a substantial amount of work to complete, test and implement in production.

2. PAPG agrees with the OAAS recommendation. PAPG will work with Panoramic support staff to implement automated controls to prevent the same user from both requesting and approving a transaction and from approving a transaction they created or edited.

3. PAPG agrees with the OAAS recommendation. Using a customized matrix, PAPG will develop a policy to evaluate each employee's assigned role and access levels of each role for potential segregation of duties issues when employee roles are changed or when there is a change or upgrade with Panoramic.

Planned Completion Date: January 13, 2012

Contact Information for Implementation: Owen Ligayon, Senior Accountant

Finding II: Non-System Segregation of Duties Conflict

OAAS Recommendation: PAPG should segregate the accounts payable and vendor master file custodian roles.

Action Plan: PAPG agrees with the OAAS recommendation. PAPG Fiscal has assigned the Accounts payable and the vendor master file custodian roles to separate individuals.

Planned Completion Date: OAAS recommendation has been implemented.

Contact Information for Implementation: Owen Ligayon, Senior Accountant

Finding III: Automated Control Not Operating Effectively

OAAS Recommendation: PAPG should work with Panoramic support to ensure this automated control is in place and operating effectively.

Action Plan: PAPG will work with Panoramic support staff to ensure this automated control is in place and operating effectively. PAPG met in October with Panoramic support staff to begin the implementation process.

Planned Completion Date: January 13, 2012

Contact Information for Implementation: Erik Nouvong, Administrative Services Manager

Finding IV: Documentation Not Retained

OAAS Recommendation: To strengthen record retention controls, PAPG should:

1. File the vault field receipt in the client file once a file is closed and keep the client file field receipt, expense approval forms, and invoices in the client file at all times; and
2. Reinforce record retention policies through training.

Action Plan:

1. PAPG agrees with the OAAS recommendation. PAPG will file vault field receipts in the client file once closed and will file client file field receipts, expense approval forms and invoices in the client file at all times. PAPG will begin scanning copies of the field receipt into the Panoramic Software System. The PAPG Policy and Procedures will be updated to reflect these changes.
2. PAPG agrees with the OAAS recommendation. PAPG will reinforce record retention policies through training.

Planned Completion Date: January 13, 2012

Contact Information for Implementation: Terrance Corrigan, Assistant Public Administrator/Public Guardian

Finding V: PAPG, County Counsel, and Bond Fee Calculations are Not Adequately Reviewed

OAAS Recommendation: PAPG should review the support for the calculations of the guardian/administrator, county counsel, and bond fees as part of the court accounting review process.

Action Plan: PAPG partially agrees with the OAAS finding and recommendation. The auditor's finding states that the bond fee should be prorated based on the number of months in the accounting period and should follow the calculation outlined in the Probate Code (§ 2942 and § 7621). In reading Probate Code §2942, PAPG does not find wherein we are to prorate PG bond fee based on the number of months in the accounting period, but to charge \$25 plus $\frac{1}{4}$ of 1% of the estate value greater than \$10,000. PAPG recommendation is to continue calculating PG Bond fees pursuant to Probate Code § 2942. For PA Bond fee, Probate Code §7621 mandates that the amount of the bond fee shall be prorated over the period of months during which the public administrator acted as personal representative when a Successor Personal Representative has been appointed, and, upon final distribution by the public administrator, any amount of bond charges in excess of one year shall be a prorated charge to the estate. We agree with the auditor's finding regarding prorating PA Bond fees in excess of one year (likely to be larger formal probate estates), but recommend continue calculating bond fees pursuant to Probate Code §7621 for administration less than one year (likely to be smaller summary estates).

PAPG agrees with the OAAS recommendation that PAPG should review the support for the calculations of the guardian/administrator, county counsel, and bond fees as part of the court accounting review process.

Planned Completion Date: January 13, 2012

Contact Information for Implementation: Lilly Salazar, PAPG Associate Accountant

Finding VI: Incomplete Inventory Records in Panoramic

OAAS Recommendation: To strengthen client inventory recording controls, PAPG should:

1. Enter all items noted in a field receipt into the Inventory screen in Panoramic, regardless of value;
2. Reconcile between the field receipt and the Panoramic Inventory screen before the Inventory and Appraisal is completed; and
3. Reinforce this policy through training.

Action Plan:

1. PAPG agrees with the OAAS recommendation. PAPG will enter all items noted in a field receipt into the Inventory screen in Panoramic, regardless of value. Memorabilia items will be entered as well. Memorabilia is defined as: personal photographs, personal writings, awards, medals, and specialized jewelry of a personalized nature such as pins, class rings, charm bracelets, etc.
2. PAPG agrees with the OAAS recommendation. PAPG will reconcile between the field receipt and the Panoramic Inventory screen before the Inventory and Appraisal is completed.
3. PAPG agrees with the OAAS recommendation. PAPG will update the Policy and Procedure manual and will reinforce this policy through training.

Planned Completion Date: January 13, 2012

Contact Information for Implementation: Terrance Corrigan, Assistant Public Administrator/ Public Guardian

Finding VII: Interest Income May Not Be Applied

OAAS Recommendation: To ensure interest is appropriately applied to cash balances, PAPG should:

1. Work with Panoramic support to change this drop-down box feature so that it is always turned on or defaults to "Yes". If this is not possible, then controls should

- be put in place to ensure that clients always receive interest income based on their average monthly cash balance; and
2. Review all current client estates to determine whether they should receive interest income not allocated, and make the adjustments necessary.

Action Plan:

1. PAPG agrees with the OAAS recommendation. PAPG will work with Panoramic support to change the "Pay Interest" field drop-down box feature so that it is always turned on or defaults to "Yes". Panoramic will update existing investigation status cases and set "Pay Interest" to "Yes".
2. PAPG agrees with the OAAS recommendation. PAPG will review all current client estates to determine whether they should receive a credit for interest income not allocated, and make adjustments as necessary. PAPG met in October with Panoramic support staff to begin the implementation process.

Planned Completion Date: January 13, 2012

Contact Information for Implementation: Erik Nouvong, Administrative Services Manager I

Finding VIII: Specific Policies are Unclear or Undefined

OAAS Recommendation: To strengthen controls associated with the above policies, PAPG should:

1. Clarify existing policies regarding photographs and develop clear and explicit policies regarding memorabilia items, timeliness of counting cash and coins, and treatment of late fees that are within PAPG's control; and
2. Train employees on all updated and new policies.

Action Plan:

1. PAPG agrees with the OAAS recommendation. PAPG will:
 - a. Establish a clear policy regarding who is responsible for photographing a client's residence and what types of photographs should be taken.
 - b. Establish a clear policy regarding memorabilia items, which shall include a definition of such items.
 - c. Establish a clear policy regarding timeliness of counting cash and coins, including specialized cash and coins such as collectibles.
 - d. Establish a clear policy regarding treatment of late fees incurred by an estate that are within PAPG's control to include that such fees shall not be charged to the estate.
2. PAPG agrees with the OAAS recommendation. PAPG staff will be trained on all updated and new policies.

Planned Completion Date: January 13, 2012

Contact Information for Implementation: Terrance Corrigan, Assistant Public Administrator/Public Guardian

Finding IX: Fixed Disbursement Invoices are Not Reviewed

OAAS Recommendation: To strengthen fixed disbursement controls, PAPG should:

1. Review invoices for accuracy prior to disbursement; and
2. PAPG Management should reinforce this policy through training.

Action Plan:

1. PAPG agrees with the OAAS recommendation. PAPG will amend policies and procedures to ensure review of invoices for accuracy prior to disbursement.
2. PAPG agrees with the OAAS recommendation. PAPG staff will be trained on updated policies.

Planned Completion Date: January 13, 2012

Contact Information for Implementation: Terrance Corrigan, Assistant Public Administrator/Public Guardian.

Finding X: Weak Vendor Setup Controls

OAAS Recommendation: To strengthen vendor setup controls, PAPG should:

1. Review all vendor records and deactivate duplicate vendors, request business addresses for vendors who currently only have PO box addresses listed, complete key fields that are blank, and correct key fields that contain the wrong type of data;
2. Work with Panoramic support to create an automated control that requires all key fields to be completed before allowing a vendor to be setup or paid;
3. Implement a policy that requires all vendors to have a business address listed for each active vendor; and
4. Reinforce the vendor setup policy through training.

Action Plan:

1. PAPG agrees with the OAAS recommendation. PAPG will review all vendor records and deactivate duplicate vendors, request business addresses for vendors who currently only have PO Box Addresses listed, complete key fields that are blank, and correct key fields that contain the wrong data.

2. PAPG agrees with the OAAS recommendation. PAPG will work with Panoramic support to create an automated control that requires all key fields to be completed before allowing a vendor to be setup or paid. PAPG met in October with Panoramic support staff to create an automated control that requires all key fields to be completed before allowing a vendor to be setup or paid.
3. PAPG agrees with the OAAS recommendation. PAPG will implement a policy that requires all vendors to have a business address listed for each active vendor.
4. PAPG agrees with the OAAS recommendation. PAPG will reinforce the vendor setup policy through training.

Planned Completion Date: Partially completed. The remainder to be completed by January 13, 2012.

Contact Information for Implementation: Erik Nouvong, Administrative Services Manager

Finding XI: Small Items Left in Automobiles

OAAS Recommendation: PAPG management should reinforce the importance of cleaning out client vehicles at the time they are brought to PAPG through training.

Action Plan: PAPG agrees with the OAAS recommendation. PAPG will ensure that all vehicles are searched and valuable items are inventoried by the assigned PAPG Investigator/Case Manager in a timely manner. This will be reinforced through training.

Planned Completion Date: January 11, 2012

Contact Information for Implementation: Terrance Corrigan, Assistant Public Administrator/Public Guardian

If you have any questions, please contact me at (858) 694-3516.

Sincerely,



Lori G. Bays
Public Administrator/Public Guardian

LB:lb